DOCUMENT RESUME

ED 455 362 CE 081 814

AUTHOR	Werner, Heinz
TITLE	From Guests to Permanent Stayers? From the German "Guestworker" Programmes of the Sixties to the Current "Green Card" Initiative for IT Specialists. IAB Labour Market Research Topics No. 43.
INSTITUTION	Institute of Employment Research, Nurenberg (Germany).
ISSN	ISSN-0945-8093
PUB DATE	2001-00-00
NOTE	40p.; Revised and updated version of lectures at two workshops: "Magnet Societies: Immigration in Postwar Germany and the United States" (Dallas, TX February 27-March 1, 1999) and "Loccum" (June 14-16, 2000).
AVAILABLE FROM	IAB, Regensburger Strasse 104, 90478, Nurenberg, Germany. (Annual price: 30 DM [Germany]; for foreigners, free). For full text: http://www.iab.de/ftproot/topics43.pdf.
PUB TYPE	Reports - Descriptive (141)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Adults; Developed Nations; Employment Opportunities; Employment Patterns; Foreign Countries; *Foreign Policy; *Immigrants; *Immigration; *Information Technology; International Relations; Labor; Labor Legislation; *Labor Needs; Labor Supply; Labor Utilization; Migrants; *Policy Formation; Skilled Occupations; Skilled Workers
IDENTIFIERS	*Germany; Labor History

ABSTRACT

In the 1960s, German industry experienced a greater need for labor. Recruitment agreements for "guestworkers" were concluded with a number of Mediterranean countries, with the opinion at the time being that temporary immigration would be in the interests of all involved: German firms would get cheap labor, the "guestworkers" could earn money and return to their home countries with their savings, and the countries of origin would benefit from the remittances sent from abroad by their workers and from the know-how these workers brought back. This ideal turned out to be an illusion as stays lengthened, families joined workers, and children were born in Germany. After the oil price shock of 1973, a recruitment ban on workers from non-European Union countries was adopted in principle, and restrictive regulations were put in place. However, because of traditions of family reunification and European conventions of providing asylum, as well as for other reasons, the number of foreign workers continued to increase. By the year 2000, improving labor markets and shortages of skilled labor created new allowances for 10,000 to 20,000 foreign information technology (IT) specialists to come to Germany to work for up to 5 years. As a result of these changing needs, German immigration policy has often been incoherent. Lessons learned through the experiences of the past include the following: (1) immigration policy should be rational and transparent in order to discourage evasion and allow both employers and workers to plan their lives; (2) immigration must be geared toward local and regional needs; (3) employers should be encouraged to look more extensively for domestic workers before importing foreign workers; and (4) the short- and long-term consequences of immigration should be considered in order to develop a desirable and workable immigration policy. (Contains 54 references.) (KC)

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IABtopics

IAB Labour Market Research Topics

Institut für Arbeitsmarkt- und Berufsforschung der Bundesanstalt für Arbeit
Institute for Employment Research of the Federal Employment Services, Germany

No. 43, 2001

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Heinz Werner

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Publisher of the series:
Institut für Arbeitsmarkt- und Berufsforschung der Bundesanstalt für Arbeit (IAB),
Regensburger Strasse 104, 90327 Nürnberg/Germany
Telephone: +49-911-179-0
Telefax: +49-911-179-3258

Coordinators:
IAB Topics Working Group: Werner Dostal, Knut Emmerich, Barbara Koller, Ute Leber, Gerd Peters, Hannelore Plicht, Thomas Rhein, Alexandros Tassinopoulos, Heinz Werner

Distribution:
To order apply to the IAB, Regensburger Strasse 104, 90478 Nürnberg

Annual price:
DM 30 (for German subscribers); foreign subscribers are currently supplied free of charge

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ISSN 0945-8093

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Heinz Werner*

From Guests to Permanent Stayers? - From the German "Guestworker" Programmes of the Sixties to the Current "Green Card" Initiative for IT Specialists†

0 Abstract

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† This is a revised and up-dated version of lectures held in the context of two workshops "Magnet societies: immigration in postwar Germany and the United States" Dallas, 27 February – 1 March 1999 and Loccum 14 – 16 June 2000.

0 Abstract

From the 1960s onwards German industry experienced a greater need for labour. The German supply of labour decreased and with the construction of the Berlin Wall in 1961, a stream of in-migration from East Germany ran dry. Recruitment agreements for "guestworkers" were concluded with a number of Mediterranean countries. At that time the prevailing opinion was that temporary immigration would be in the interests of all parties involved: German firms would get cheap labour, the "guestworkers" could earn money and return to their home countries with their savings, and the countries of origin would benefit from the remittances sent from abroad by their workers and from the know-how these workers brought back to their home countries. This ideal turned out to be an illusion. There were also costs involved with the particular advantages. Above all, however, the longer the length of the stay, the more improbable a return to the homeland became (illusion of return). The rotation principle that was originally intended was also never strictly enforced. It was also not in the interest of the employers to send back a trained foreign worker after one or two years. Thus a saying that is well-known in migration research proved to be true: "nothing is more permanent than a temporary migrant worker", even if the majority of the "guestworkers" did go home.

After the oil price shock of 1973 a recruitment ban for workers from non-EU countries was adopted in principle. This was followed by a period of restrictive regulations which, however, for a number of reasons (e.g. family reunification continued to be allowed) did not prevent a further increase in the foreign population, numbering 7.3 million in the meantime. New immigrant groups appeared such as asylum seekers, refugees, immigrants of German origin from Central and East European Countries (CEEC) and the former Soviet Union. So-called project workers from CEECs constitute a separate episode. These workers have been able to carry out fixed-term projects in Germany with their firms since the beginning of the nineties.

A new immigration situation has arisen only recently with the improving labour market situation and shortages of skilled labour occurring occasionally. Since August 2000 there has been an inflow quota for 10 000 (if necessary, 20 000) foreign IT specialists, who may work in Germany for 5 years (for the time being). An immigration debate began in connection with this which raises questions that every immigration policy has to answer: who? how many? from where? for how long?

Finally on the basis of the experiences gained from the previous immigration programmes, this paper attempts to provide conclusions for a more comprehensive concept for immigration which is orientated more towards the labour market.

1 Introduction

After the oil price shock in 1973, Germany and most of Europe's industrial countries adopted a recruitment ban and until very recently pursued a rather restrictive immigration policy. In spite of this, in Germany there has always been a high level of in-migration which has usually exceeded out-migration (Graph 1). As a result of this the number of foreigners has risen steadily (Table 1). By now there are more than 7 million foreigners living in Germany. The nationality structure and immigration categories have shifted over the course of time (Tables 2 and 3, Graph 2). In the meantime a need for immigration is being derived again for demographic reasons (years with low birth rates entering the labour market), and for

economic and labour market reasons (drop in unemployment, skill needs). In Germany a debate has begun concerning new immigration of foreign workers, the first result of which is the simplified employment of foreign IT specialists. Against the background of the immigration debate which has flared up once again, it seems appropriate to collate Germany's experiences with the immigration programmes for foreign workers since the sixties and to learn lessons from this for a future development of immigration geared towards the labour market.

In the following the origins of the programmes, their various phases of recruitment, the means of control, and the outcome of the "guestworker" programmes are presented. It begins with a description of the recruitment of "guestworkers" in the 1960s. What considerations were of importance at that time and how did the "guests" finally become permanent stayers? The next larger-scale programmes for foreign workers came into being after the end of the cold war. The temporary employment of workers from the Central and East European countries (CEEC), was intended to contribute to the economic development in these countries. Since the early nineties, firms from the CEEC have been able, under certain circumstances, to perform a fixed-term order, a project, in Germany using their own workers. The most recent and for the time being the last programme of temporary immigration concerns IT specialists. Since August 2000, foreign IT specialists have been allowed to live and work in Germany for a maximum of five years. This so-called "green card" initiative is described and the first results are discussed. The final chapter summarises and draws conclusions for the current immigration debate. It should be noted that we concentrate on the non-EU citizens living in Germany. EU nationals enjoy freedom of movement, i.e. the possibility of seeking and taking up work in another member state under the same conditions as the national population.[1]

Tables 1 – 3 and Graphs 1 and 2 provide an overview of the development and structure of immigration in Germany in the last four decades. They should now serve as an initial overview and can be consulted in the following chapters to follow the temporal development.

2 Origin of the "guestworker" recruitment

After World War II, currency reform, Marshall Plan aid and the development of the social market economy and the generally favourable economic climate put the Federal Republic of Germany (FRG) on a path of sustained economic growth. But unemployment remained high as West Germany had to absorb millions of German refugees and East Germans. It was not until 1960 that the number of job vacancies exceeded the number of registered unemployed for the first time. The first bilateral recruitment agreement was concluded with Italy in 1955. Originally intended for work in agriculture, it soon turned out that the real needs for manpower lay in the booming manufacturing industry. By the end of July 1960 the number of foreign workers in the FRG totalled 280 000, 45 percent of whom were Italians.

There were several reasons why importing foreign workers seemed the right thing to do:

[1] The free movement of labour has been in force since 1968 for workers and their families of the six founding countries (B, D, F, I, NL, LX), also for UK, IR and DK since 1973, after enlargement of the EC. Greek workers obtained freedom of movement in 1987, and Portuguese and Spanish workers in 1993, after a period of transition. With the 1995 enlargement, free movement of labour was granted to Austria, Spain and Finland.

* A shrinking German labour force during the sixties for demographic and related reasons, e.g. more educational opportunities for the young and earlier retirement for the old.
* Importing foreign workers temporarily was considered less risky than costly mechanisation and rationalisation in view of a still uncertain economic recovery.
* When the German Democratic Republic closed its borders and built the Berlin Wall in August 1961, the stream of refugees who had supplied workers for West German firms ceased. The building of the Berlin Wall was an abrupt shock because it showed how dependent Germany was on these refugee workers (Bendix 1990: 27). Now German manufacturers had to look to other countries for labour supply.
* Europe was starting to unify. 1957 marked the creation of the European Economic Community by France, FR Germany, Italy, Belgium, the Netherlands and Luxembourg. One of the aims would be to allow soon the freedom of movement of labour between the Member States. If this were soon to be the case for Italian workers (the major emigration country at that time) then why not allow workers from other countries to come and work for a year or two under bilateral agreements? It should also be noted that as soon as Germany opened its doors to Italians, numerous other countries expressed their interest in sending workers (Bendix 1990: 30).

3 Temporary workers: in the interest of all actors involved?

In the past Germany (and Switzerland) have often been described as having a rotation or so-called "guestworker" system. In such a system, individual immigrants are issued with work and residence permits valid for a limited time only and frequently the work permits are tied to a specific job - sometimes to a specific employer. Family reunification is not encouraged, and immigrant policy measures such as good housing or language instruction are given little attention. A rotational system, in its purest sense, would require departed "guests" to be replaced by new workers employed under the same temporary restrictions.

A political, economic, and social justification for a temporary worker programme arose out of the "ideal" that all parties concerned would benefit. Below there is a list of arguments to ascertain whether the interests of those involved converge or diverge.

Interests of the receiving country
* Manpower bottlenecks can be alleviated. The imbalance on the national labour market can be of a cyclical, regional, sectoral (e.g. construction industry), qualification-related (e.g. nursing) or seasonal (tourism, agriculture) nature. The numbers admitted and the structure of the foreign workers' skills can be adjusted flexibly to the prevailing labour market situation. Foreign workers can easily be assigned to the regions where the demand occurs. They are more mobile as they do not yet have a permanent residence in the host country.
* Benefits arise from the work performed. The availability of (comparably cheap) labour in times of economic expansion strengthens (at least in the short run) the competitive position of the individual company and the national economy.
* Displacement of national workers by foreign labour should be avoided. To maintain social peace and to obtain the consent of the German trade unions it was agreed that the foreign workers should be paid the collectively bargained wage. Thus competition between foreign and German workers through wage-cutting was largely avoided.
* Consequential social follow-up costs are avoided. Due to the temporary nature of immigration hardly any further costs are expected to arise. These would occur if the family were to join. Examples are payment of social benefits such as unemployment benefit/aid,

housing subsidies, retirement pay, child allowance, or the additional cost for the education system when the migrants' children attend school.

Interests of the migrant worker

* Earning higher wages. With large differences in income between countries, the main motive for temporary migration is better pay or getting a job at all. The income earned can be used for consumer goods or for capital expenditure, e.g. for setting up one's own business.
* Improvement of individual labour market opportunities. Even if the chief motive for employment abroad is better earnings, the knowledge and skills acquired abroad can help to improve labour market opportunities for the individual on returning to the home country. This may be the case for employment in the new emerging industries in the country of origin, or the income earned abroad can provide a basis for self-employment.
* Protection from exploitation. The migrant workers need protection from exploitation as they are in a weak position. Therefore, the bilateral agreements fixed minimum social standards and the work contracts stipulated wages and working conditions.
* The early migrants did not wish to stay for extended periods. Survey after survey showed that they wanted to earn money and then return home with their savings. This was true in many cases, but many of the migrants stuck to the "illusion of return": they postponed their departure while still harbouring the idea of return.

Interests of the country of origin

* Alleviating the labour market situation. In the emigration countries of the Mediterranean there was a lack of job opportunities associated with high unemployment and/or low income. Temporary employment abroad can mean escape from joblessness and a reduction of unemployment in the home country.
* Contributing to the development of the home country. Employment abroad reduces unemployment at home and permits the migrant worker to obtain a higher income. Remittance of the earnings may also contribute to the economic development of the home country, depending on whether the transferred capital is consumed or invested. Furthermore it was argued that skills acquired abroad can be put to good use after returning, either in the emerging industries or when setting up one's own small business.
* Maintaining some control of the outgoing migrants. The country of origin will also be interested in keeping a check on the temporary emigration of its nationals. This can best be done if migration is carried out in co-operation with the host country in the form of bilateral agreements. The check on the type and level of emigration concerns the interests of the country of origin for two reasons: firstly the social welfare of the migrants is to be safeguarded. This can be done in the form of bilateral agreements which stipulate the principle of equal treatment for nationals and foreigners with regard to wages, working hours and other working conditions including social security (health insurance, unemployment benefit, pension rights etc.). Secondly the countries still want to have a certain say in the selection of workers who leave the country. But there is a conflict of interests. The immigration country and its employers can exert more pressure on the selection process.

Benefits for all actors?

We all know now that the concomitant interests of all the parties concerned was an illusion. To name just a few:

The most important one was certainly the shift from temporary stay towards prolongation and, finally, settlement. As it turned out, people's intentions changed over time. Migration experience suggests that many temporary migrants extend their stay if the labour market situation allows it and as long as the receiving country permits prolongation. Family members

join, children are born and, while the wish to return may still be harboured, it is further postponed again and again, and may finally be abandoned ("illusion of return").

The contribution of emigration to alleviating the labour market situation in the sending country may be limited. First because the numbers admitted may be too low to have a real impact. But what is more important is the fact that labour migration is a selective process. Migration research tells us that neither the poorest nor the richest tend to leave, but in general those of intermediate social status from regions which are often already undergoing changes (Castles/Miller 1998: 21). It is the enterprising and more dynamic workers, who are not necessarily unemployed.[2] But these workers would also be necessary for development in their home country.[3]

The possibilities of acquiring vocational skills and knowledge depend to a large degree on the specific circumstances. One-sided specialisation, restriction to only unskilled or unpleasant jobs or segregation from native workers at the workplace can very much limit the acquisition of vocational skills. Moreover, it is not certain whether the skills and knowledge acquired can be used in this form at a later date in the country of origin. Results of migration research carried out so far suggest that the extent to which skills acquired in the host country can be used back home should not be overestimated.

There is a long debate in economic literature concerning the economic effects of remittances. The question is whether and how much of the transfers is spent on consumption or used for productive investment at home. Remittances obviously boost the earnings of the migrants' families and can significantly promote welfare at household level. A series of studies have shown that "where the macroeconomic environment is stable and other conditions are conducive, remittances can raise the level of domestic investment" (Ghosh 1996: 100). But when many migrants tend to stay, family members join and when the centre of living is increasingly concentrated in the host country, remittances may dwindle and finally disappear.

Let us stop here and not further elaborate on the contradictions between unmet aspirations or intentions and the subsequent realities in the process of labour migration. At the time, temporary migration was considered to be beneficial for all parties concerned: the labour importing country, the sending country and the migrant workers themselves. The assumed beneficial effects for all were taken as economic and social justification for concluding agreements for temporary workers, for taking measures and making regulations and fixing the recruitment procedures. In the following chapter we shall show how the recruitment, employment and stays of the foreign workers were controlled and to what effect.

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[2] The US Commission for the Study of International Migration and Co-operative Economic Development (1990): Unauthorized migration: An economic development response, Washington, p. 9 writes: "A consistent finding is that those most prone to emigrate are neither the poorest nor least educated but are among the most aspiring and energetic members of their communities. They generally have jobs at home when they decide to leave, although these jobs are often low-paying and with little potential for advancement. They choose to go abroad to improve their economic well-being".

[3] Some thirty to forty percent of the Turks recruited to work in Germany were skilled workers in Turkey who worked as manual labourers in Germany. Cf. Philip, L. Martin (1998): Germany: Reluctant land of immigration, German Issues 21, The American Institute for Contemporary German Studies, Washington

4 The first phase: expansion of recruitment

The construction of the Berlin Wall in 1961 and the subsequent stop of refugees from East Germany marked the beginning of a phase of "uncontrolled expansion" of immigrant labour. Recruitment agreements were signed with Spain and Greece in 1960, with Turkey in 1961, Morocco in 1963, Portugal in 1964, Tunisia in 1965 and Yugoslavia in 1968. This phase actually lasted until the recruitment stop in November 1973. It can be divided into two periods, separated by the short recession in 1966/67.

The recruitment process was straightforward and did not change very much over time, with the exception that after the recession of 1967 successful efforts were made to reduce the second path of entry – via visa - and increase the pressure on the German Embassies to restrict the granting of visas.

There were two different procedures:
(1) The first way or "anonymous recruitment": the labour authorities collected applications from German employers who wanted to employ foreign workers and checked that the employment priority for German workers was maintained, that the applications were in accordance with certain requirements of model contracts of employment, and that the wages promised were equal to those for Germans. Finally, the particular German firm had to prove that "adequate housing" (e.g. dormitories) would be provided for the migrant worker. Recruitment contracts approved by the labour authorities were passed on to the recruitment offices in the sending countries in Athens, Belgrade, Lisbon, Madrid, Verona and Istanbul. The recruitment offices used three criteria in making their selection: qualifications, health, employment record (including skills testing, e.g. construction worker). They also arranged the necessary formalities such as residence and work permits (valid for one year only) and organised group transport to Germany.
(2) The second way or visa recruitment: under this procedure, the older of the two, the employer stated that a specific migrant worker was willing to work for him and ordered his visa from the competent German consulate abroad. The consulate then had to obtain the approval of the German authorities. The local immigration authorities checked that the legal conditions allowed a residence permit and work permit to be issued. If it was approved, the consulate granted the visa. After that the foreign worker entered the country and obtained the necessary residence and work permits, usually valid for one year only.

The employers were charged DM 300 (approximately one third of a month's salary), since 1973 DM 1000, for each person recruited.

It is evident that the great influence that the German authorities exercised over the selection of workers ensured that the interests of German industry prevailed over those of the sending countries. In fact the procedure led to the selection of the healthiest and most able workers, in opposition to the interests of the sending countries, which had hoped for a reduction of their labour market problems, not an exodus of their best workers.

From 1960 to 1966 about 3.6 million foreigners entered Germany and about 2.3 million left, increasing the non-German population by 1.3 million to 1.8 million. The in- and outflows show that there was a considerable turnover. About three out of five foreign workers who entered the country went back home (cf. Graph 1)

The 1966-67 recession caused the German unemployment rate to rise to above 2%. Measures were taken to "protect" the domestic labour market. Some of the changes affected all workers, such as shorter hours of work or reduced overtime. But some actions were specifically aimed at foreign workers, such as reducing the number of work permits issued to foreigners. The insecurity of this situation had three consequences: first, the number of new entrants dropped to 330 000 in 1967, half the number of the previous year; second, more than a million left in 1966 and 1967. The third consequence was an abrupt increase in the unionisation rate of foreign workers (Bendix 1990: 48).

Firings were relatively uncommon at the time. Because of the equal treatment clause foreigners could not be treated differently from Germans and could not be laid off solely on the grounds that they were foreigners. Foreign workers were more easily persuaded to go by not renewing their employment contract. So they remained in Germany seeking other employment and living off their unemployment compensation (as long as their residence permit did not expire). If their search proved fruitless, they returned home, which led to an elastic response to the recession.

Yet by 1968 it was as though no recession had troubled the economy. The years 1968 to 1973 were characterised by a very low rate of unemployment. They became the peak recruitment years. Trains and planes were chartered to bring between five hundred and one thousand workers to Germany every day. (Martin 1998: 9). The migrant workforce rose from 1 million to 2.6 million. One in eight workers in Germany was a foreigner. At the same time the national composition of the migrants began to change: the proportion of Italians gradually decreased while the number of Yugoslavs and, after 1969, the number of Turks rose drastically. In 1969 Turks constituted about 13 percent of all foreigners in the FRG. By 1980 this figure had risen to 33 percent.

It is important to note that during the period of "overemployment" and even up to 1976 the unemployment rate was lower among foreigners than among Germans, a fact which underscores the economic importance of immigrant labour. The main branches where foreigners were employed were industrial production (metal processing, mechanical engineering, textiles), construction, and in low-paid services. The large increase in migrant workers did not cause a corresponding expansion in total employment. It led instead to a process of substitution whereby migrant workers gradually took over the least skilled and most strenuous jobs. This process enabled young Germans to receive a better and longer education without causing shortages on the labour market in spite of a reduction in working hours. Moreover, the process of substitution resulted in a "collective upward mobility" of the German workforce, a phenomenon which made immigration more acceptable to the German population and which to begin with was not recognised by immigrant workers as being disadvantageous to them in the longer run.

Despite the tremendous increase in the number of foreign workers and their prolonged duration of stay German politicians, employers, unions, and the migrants themselves continued to proclaim that the stay was only temporary. It is true that more migrants left than stayed. However, the rotation of workers was neither in the interests of the migrants nor their employers. Migrants stayed longer than planned to save more money as long as well-paid work was available. Some sent for their families. Many German employers favoured family reunification, since the wives of the "guestworkers" were also able to work. Moreover, the presence of the wives ensured that the experienced and trained migrants remained, and saved employers the cost of recruiting and training new migrants.

The German government did not enforce rotation strictly. But the Aliens Act did not grant foreign citizens any legal rights to permanent immigration or residence. Residence permits were often issued at the discretion of the immigration authorities, whose decision was based on the "interests" of the FRG (Esser/Korte 1985: 184). The permit could be restricted as to duration or location. This was the rule in the case of immigrant workers, most of whom received work permits valid for one year only. A work permit is granted "according to the situation and development of the labour market with regard to the individual case" and as long as there is no German applicant for the same job (priority for German workers). After a stay of more than three years a work permit may be issued for durations of two or more years. After a minimum residence of five years a permanent residence permit may be granted. These regulations made the foreign workers into a manoeuvrable labour force which could be controlled according to the labour market situation. But in spite of all the restrictions it was inevitable in the end that those migrants who remained obtained more residence rights with each work permit renewal.

By 1973 it was clear that many of the temporary "guests" had become more or less permanent residents. Nevertheless many Germans felt uneasy about the unanticipated settlement of Turks and Yugoslavs in Germany. The government responded by restricting immigration. It raised the recruitment fee paid by the employer from DM 300 to DM 1000 to discourage employers from requesting new migrants. A wave of wildcat strikes in summer 1973 involving many migrant workers provided further reasons for bringing foreign worker recruitment to a halt. In November 1973 the German government proclaimed a recruitment stop (in line with most other European labour importing countries). The stop was justified by the oil embargo, which threatened to provoke an economic recession and would make additional migrants unnecessary.

5 The second phase: consolidation

With the recruitment ban in 1973 following the "oil crisis", the second phase of the aliens policy from 1973 to the early eighties started. It could be called the "consolidation phase" of the employment of foreigners. It was also characterised by a gap between goal and reality. The recruitment stop was intended to prevent the number of foreigners in Germany from rising. It did not. For two reasons:

* Migrant workers who feared that they could not return to Germany if they went home remained.
* The fact that it was possible for families to join the workers meant that the foreign population continued to rise even without much immigration of new foreign workers. Another contributing factor was the births of foreign children. The foreign population increased from 4 million in 1973 to 4.5 million in 1980 – in spite of the decrease in the foreign workforce.

During this period of restriction of new foreign workers entering, social and integration issues were now gradually considered. But the "integration" of immigrant workers into German society has never really been pursued.

It should be noted that despite all the insecurity and the efforts of restrictions, the foreign citizens had incentives to remain:

* With prolonged stay their residence status solidified and protected them against unwanted "rotation".
* As long as differences in income remained high between the home country and the current country of residence, there was a disincentive to return.
* The FRG has developed an elaborate system of social security that includes unemployment insurance, health insurance, pension funds, child allowances, rent subsidies and welfare assistance. In general immigrant workers have the same social and industrial rights as Germans. A government decision which was taken in 1974 and which stipulated that unemployment alone was not a sufficient reason for denying a residence permit is important in this context.
* Foreigners may fall under the "Aliens Act", but this does not mean they are unprotected. Decisions by the European Court (for EU nationals), bilateral treaties with the countries of origin, international and European conventions on human and social rights, binding norms of German basic law (e. g. for the protection of marriage and family), provide altogether a network of protective legal norms constraining the government. Lawyers have specialised on these issues implementing protection. However, this is not sufficient to give emotional security or to create in the immigrants the feeling that they belong in the host society (Thränhardt 1996: 209).

6 The third phase: efforts of control

The third phase, lasting up to the new millennium, could be called a (not very successful) quest for a policy of immigration restrictions (Bade 1992: 56). The necessity of the social integration of the foreign workers and their families with governmental help was stressed repeatedly. However, decisions were often made according to current political considerations, which frequently failed to recognise the medium and long-term consequences:

- The provision stating that child benefit should be paid only in the case of children living in the Federal Republic of Germany (as it was thought that their numbers could only be checked there) led to the children being brought to Germany under the family reunification scheme.

- Under a "repatriation grant" measure, up to DM 10,500 plus supplements for dependants was paid in 1984 if an unemployed foreign worker returned to his home country with his family. In addition he could also receive back his contributions to the statutory pension insurance. Fourteen thousand foreign workers took advantage of the "repatriation grant". In this case, take-what-you-can-get effects played an important role: decisions to return home which had already been made were either postponed or brought forward in order to be able to receive the repatriation bonus (Hönekopp 1987: 287 ff.).

- Under the auspices of immigration restrictions there was a discussion concerning restricting the workers' rights to have their spouses join them and about lowering the age at which children can join their parents. The ruling which has so far remained in place stipulates that foreign spouses only receive their own residence permit after four years of marriage and a four-year period of residence. The permit is tied to the continuation of the marriage during that period. It is only possible for the worker's spouse to join him/her in the host country within the scope of family reunification if evidence of "sufficient living space" is provided. If the partner already living in Germany does not yet have an unlimited residence permit – which he or she can receive only after a stay of five years – and if the spouse then follows him/her, the latter has to wait for one year until a work permit is issued. Children are

permitted to enter under family reunification auspices up to the age of 16. Despite these obstacles the practice of having the family join the foreign worker has hardly been curbed.

- After a long discussion the right of foreigners to vote in local elections was discarded (EU citizens were granted local voting rights in 1995).

- The new aliens act of 1991 and in particular the new naturalisation law of 2000 does in fact make it easier to acquire German citizenship, but the possibility of dual nationality was not permitted. This has disadvantages for the foreigners wishing to be naturalised, if giving up the original nationality rules out, for example, land titles or the right to inherit in the country of origin.

In official statements the Federal Government has repeatedly stressed that Germany is not an immigration country. But efforts of integration for those who want to stay should be pursued. The aliens policy is, in effect, aimed at:[4]

Promotion of voluntary repatriation. Since the financial support for repatriation in 1984 there have been no further schemes. Counselling on possibilities of occupational integration in the countries of origin continues to be offered.

Restriction of immigration. Newly arrived foreigners from countries outside the EC are, as a matter of principle, only issued with work permits in exceptional cases. However, there were and still are numerous exceptions. Apart from that, only the right to asylum remained as a "legal" gate for immigration. German asylum law made immigration easier than in other countries. Low recognition rates and deterrent living conditions did not bring about any reduction.[5] Therefore, a change in the constitution has been introduced which makes possible the use of a list of so-called "safe" countries. Asylum seekers coming from or via a "safe" country can then be turned back at the border – which in principle had not been possible before. The Federal Republic of Germany is at present surrounded by "safe" countries. The number of asylum seekers has declined since the changes were introduced (Table 3).

Integration of the foreigners living in Germany, in particular of recruited workers and their families. Integration is to be made easier by greater legal certainty than previously, as well as by schemes for integration:

- Legal framework: the new aliens law which came into force in 1991 provides a statutory right to a residence permit, in a number of cases for the first time. Thus after 5 years an unlimited residence permit must be issued to foreigners in gainful employment if they are able to make themselves understood in a simple way in German, if they have sufficient living space and there is no reason for deportation (criminal offences). After a further three years, a residence entitlement must be issued if it is ensured that the foreigner pays for his living from his own funds[6] and he fulfils all requisite conditions. Deportation is then only possible for serious reasons of public safety and order. A legal entitlement to a work permit exists after five years of dependent employment during the last eight years of residence.

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[4] Cf. Bundesministerium des Inneren (Federal Minister of the Interior) (1991): Aufzeichnungen zur Ausländerpolitik und zum Ausländerrecht in der Bundesrepublik Deutschland, Bonn

[5] Thus accommodation in collective accommodation is the rule, freedom of movement is restricted, supplementary benefit is only granted as payment in kind, there are no integration aids or educational opportunities.

[6] A foreigner can, in principle, be deported if he cannot pay for his cost of living without supplementary benefit. However, there are a number of restrictive provisions.

Until recently it was the Federal Government's view that naturalisation should not be an instrument for the promotion of integration, but should rather come at the end of a successful integration process.[7] Therefore, naturalisation was generally only possible after 15 years' residence. For foreign young people who were born and/or grew up in Germany, simplified naturalisation after 8 years' residence was possible up to the age of 23. Since 1 January 2000 children born in Germany automatically receive German citizenship if their parents have a permanent residence permit. At the age of 23 they have to decide between their two nationalities – German nationality or that of their parents. Other foreigners applying for citizenship are required to have resided in the country for at least 8 years. However, dual nationality is only permitted under specific circumstances.

- Integration schemes: together with the *Länder*, municipalities and various groups, a number of integration aids are offered which are related above all to language teaching and vocational preparation for young foreigners. Foreign workers can, as a rule, take part in training schemes on the same terms as nationals. Due to linguistic and educational deficiencies their participation is still disproportionately low although it is improving.[8]

At the end of this chapter it can be said that migration to Germany started as a demand-driven economic phenomenon and has now turned into a largely supply-driven self-feeding phenomenon largely due to humanitarian reasons such as family reunification, influx of asylum seekers and refugees (e. g. from Bosnia) or political considerations as in the case of the immigrants of German origin from Poland, Rumania, the former Soviet Union or the Jewish immigration also from the former Soviet Union.

In this connection, reference should be made once again to the tables, which reflect the trends described above: Table 3 shows the composition of the migrant groups, which has changed over the course of time. Table 1 reflects how the size of the foreign population and the number of foreign workers are drifting apart. Graph 5 shows the development of the foreign workers according nationality groups. Employment has stagnated or even decreased. Unemployment has changed almost as a mirror image to this (Graph 4).

7 The German project worker programmes of the 1990s[9]

The latest example of a guestworker-type programme was started in the early nineties. Bilateral agreements on the temporary employment of project workers are a relatively new form of agreements on the employment of foreign workers.[10] They concern the following

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[7] Bundesministerium des Innern (Federal Minister of the Interior) (1991) op. cit., p. 46

[8] For more information up to 1993 see Heinz Werner (1994): Integration of foreign workers into the labour market – France, Germany, the Netherlands and Sweden, Working Paper (World Employment Programme), International Labour Office, Geneva

[9] For more details see Council of Europe (1996): Temporary migration for employment and training purposes, Report and guidelines (Report by Heinz Werner), Strasbourg.

[10] Project contracts have been possible under international law all along and were used in particular in the case of assemblies of machinery abroad. The kind of project workers we are considering here must be distinguished from 'project workers' from EU countries. The latter do not need a work permit under the rules of free movement for labour, if they work as an employee of their firm at a German construction site. The member states cannot limit the duration of their employment. The problem here was that employers from the EU low-wage countries brought their own employees to perform a project at a German construction site and were not

situation: a foreign company concludes a contract with a domestic company for the performance of a specified job (contract of service). To perform that service the company can bring its own employees. The foreign firm works as a sub-contractor for a domestic company with a contingent of its own labour. In bilateral governmental agreements the framework conditions are laid down, such as reciprocity, maximum duration of the project workers' stays, maximum numbers (quotas) to be employed each year, consideration of the labour market situation when fixing the annual quotas or the handling of the procedure between the authorities. In principle, the wage and working conditions of the receiving country apply. However, wages are paid by the foreign sub-contractor who also bears the cost of social security for the project workers. There are no provisions for family reunification.

Such agreements exist above all between the Federal Republic of Germany and a number of Central and East European countries and Turkey. The agreements were concluded between 1989 and 1993.

The quotas agreed upon (in general for several years) are often divided into sub-quotas and additional quotas. For example there are special quotas for the construction industry, for certain occupations (restoration specialists) or for medium-sized companies in the FRG and the partner country. The latter stipulation was introduced to avoid only large companies benefiting from the agreements and thus gaining a competitive edge. The number of project workers employed reached its peak in 1992 when an annual average of 95 000 workers (84 000 of these from Central and Eastern Europe) worked in Germany. Since then the number has been falling, after a series of restrictions were introduced. In 1994 they numbered 41 000 in the yearly average and 39 000 in 1999 (Table 3).

The aim of the agreements is to promote co-operation between German and Central and East European companies and mutual benefit of the countries concerned. In Germany sectoral or regional manpower demands, especially for skilled workers, can thus be met. The intention was to reduce the pressure to migrate by offering the alternative of legal temporary employment. The foreign worker will have at least temporary employment and may save a certain amount of capital for his/her return. The co-operation of German and Central and East European firms is to promote the economic development and the restructuring efforts in the transition countries.

The basis of co-operation is a contract for services between a German and a foreign firm in which the "service" (task, project) to be performed is laid down. The foreign company providing the service carries out the necessary work with its own staff. The foreign company is thus a sub-contractor for a German firm. The contracts for services do not envisage that the customer (the German company) exerts influence on the number and quality of the workers involved in the performance of the service agreed. The international agreements do assume though, that normally qualified workers are employed. It is not envisaged that the project workers are integrated in the customer's operations or production process. But the foreign company providing the service retains the right to give instructions to its employees working on the customer's premises.[11]

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obliged to pay German negotiated wages according to current law. This was changed by the Act on the Seconding of Workers (Entsendegesetz): now prevailing local wages have to be paid.

[11] Therein lies the difference to the so-called hiring-out of employees. Employees are hired out when the foreign employee is placed by his employer (the lessor), for the performance of work, at the disposal of another employer (the lessee), who employs him in his company according to his own company requirements. The hiring-out of employees is not permitted within the scope of the contracts for services.

In the bilateral agreements, quotas of project workers by countries are fixed which stipulate the maximum number of work permits issued. In general it is an overall quota and for all economic sectors. With some countries – as already mentioned - sub-quotas for small and medium-sized firms as well as additional quotas for the construction sector with a three-year limit have been agreed upon. The quotas refer to annual average figures which may be exceeded in individual months. If at the end of the year the annual quota is exceeded, the numbers must be balanced during the following year.

The contract for services is checked by the employment services. One prerequisite is the agreement of the foreign partner administration (ministry, employment service) in the form of a licence or quota acknowledgement. The contract for services is examined to ensure that unlawful hiring-out of workers is not involved and that the foreign entrepreneur pays his workforce wages according to collective agreements in the Federal Republic of Germany. Social security contributions for the project workers are paid through the foreign company according to the provisions in its country.

Only after examination of the contract for services by the regional employment office, is the work permit issued. As a matter of principle, it is granted only for the duration of the contract for services, but not for more than 2 years. In exceptional cases an extension of up to a maximum of three years is possible. Since 1993 a fee has had to be paid for each project worker (DM 2 600 for a year).

In the event of non-compliance, fines are envisaged for domestic companies. Foreign firms may be excluded from the bilateral agreements if the foreign project company exceeds the quotas allocated, employs workers without work or residence permits, pays wages below the collectively agreed levels or if inadmissible hiring-out of staff to other firms has taken place. This is the case if the foreign company (lessor) lends to a German firm (lessee) his members of staff who were allowed in only on the basis of a contract for services.

The sharp increase in the employment of project workers in combination with the deterioration of the labour market situation has led to criticism of the agreements:

(1) The foreign project workers should be paid collectively agreed wages, but for social security the rules of the assigning country apply. This means a labour cost advantage of 20-25%. This legal labour cost advantage can be passed on to the customer and makes the firm more competitive. Thus competition which is considered unfair develops between those companies which employ project workers and those which do not, e.g. because the quota has been exhausted. In order to involve small and medium-sized companies to a greater extent, from October 1993 onwards a quota ruling depending on the size of the firm was introduced for companies in the construction industry.

(2) The agreements specify payment of local wages by the project company. Compliance with this regulation is, however, very difficult to check. In many cases it must be assumed that wages are paid below the collectively bargained level and that thus wage and social dumping occurs. To make checks easier the company under contract has to keep evidence available of wages paid at the place of work in Germany. In the event of wage dumping the foreign company can be excluded from any further work under contracts of services.

(3) The agreements on the employment of project workers can provide a door for illegal employment, i.e. being employed without a work permit or if authorised project workers

remain in the country after completion of the project - and after the work permit has expired. Therefore, strict checks are now carried out by the employment offices on construction sites.

(4) There is the risk that in some cases it is only a matter of hiring out employees as temporary workers rather than performing a contract of services. This procedure does not correspond to the intention of the agreements on the employment of project workers from CEEC.

In concluding this chapter it can be said that the agreements on the employment of project workers between the Federal Republic of Germany and a number of Central and East European countries must be understood from the prevailing political situation. With enormous labour cost discrepancies and with borders no longer closed to the eastern neighbours since 1989 the agreements on the employment of project workers have represented a possible way to reduce the immigration pressure, to channel immigration and at the same time made a contribution to economic development by permitting foreign companies to perform service contracts.[12] In times of good economic development the competition with domestic companies and labour does not become particularly noticeable and foreign workers can be absorbed by the labour market. The situation changes when the labour market is strained. Competition is intensified by the fact that contracts of services concentrate on certain sectors (e.g. construction industry), regions (e.g. near the border, cities), or types of companies (e.g. large companies). In democratic societies labour cost competition by means of the short-term employment of foreign workers will only be accepted when the labour market situation is taken into consideration. Thus the labour market compatibility in the employment country becomes the most important criterion for accepting contracts of services. This assumes flexible as well as simple handling. The former is not in the interest of the emigration countries since it does not provide certainty for planning. The latter might mean that the contracts cannot be adequately monitored and thus have unintended effects. As the description of the German situation has shown, increasingly complicated regulations made to prevent abuse have led to new evasion and circumvention strategies. Finally over-regulation can occur which renders the instrument of contracts of services no longer useful or viable, turns it 'almost into a strategy of prevention'. It must also be pointed out that the quantitative relief effect on the labour markets of the transformation countries remained small. However, the transfers of capital, which had an effect on the balances of payment can be important for the sending country.

In the meantime due to the deteriorating labour market situation during the 1990s the quotas for project workers have been reduced considerably. From a peak of nearly one hundred thousand in 1992 the figures are now down to below forty thousand.

8 The current "green-card" initiative for IT specialists

The regulation

In February 2000 Chancellor Schröder announced a so-called "green card" for foreign IT specialists.[13] Skilled IT specialists were to be able to work in Germany for a certain length of

[12] It is striking that these arguments were quite similar to those put forward 30 years ago to justify the rotation principle (benefit for all actors concerned).

[13] The name was borrowed from the American green card. In the American context a green card means for an immigrant that he/she has the right to live and work in the United States permanently. After five years the

time. What gave rise to this was complaints from firms that many IT jobs could not be filled and that therefore the innovation strength and competitiveness of German industry was being harmed. Since August 2001 a regulation has been in force which makes it possible for foreign specialists from non-EU countries to perform an IT activity on an employee basis for five years. Specialists in information and communication technology may apply, this includes for example specialists from the fields of software development, multimedia development and programming, the development of circuits and IT systems, and IT consulting, as well as systems specialists, internet specialists and network specialists.

The "green card" regulation applies to foreigners outside the EU and is aimed at people

- who have a degree from a university or polytechnic in the field of information and communication technology. This also applies to foreigners graduating from German universities and polytechnics (before this, they had to leave the country after graduating)
or
- whose ability in this field is confirmed by an annual salary of at least DM 100 000 being agreed with the employer.

During this period it is possible to change from the first job to another IT job in another firm. In this case it is no longer checked whether a German or EU specialist would be available for the job and would therefore have priority in the filling of the job. A self-employed activity is only possible under certain circumstances. The spouse may only take up employment after a waiting period of one year.

A quota of 10 000 green cards was agreed to begin with. If there is further need, there are plans to increase this quota to 20 000. It is possible to apply for a first work permit until 31 July 2003.

The procedure
The IT firm applies to the employment office for a work permit. The employment office checks within a week
- that the need for a skilled employee can not be met by a domestic or an EU specialist;
- that the applicant is qualified for the position. In order to assess this it is necessary to have a certificate of a university or polytechnic degree specialising in information and communication technology. Alternatively, as mentioned earlier, confirmation by a firm of an annual salary of at least DM 100 000 is enough;
- that the employer is not offering the foreign specialist less favourable conditions of work and pay than comparably qualified German specialists would receive. For this the employment office requires a description of the job to be filled.

On receiving a positive decision from the employment office, the employee can apply to the German embassy or consulate in his/her country of origin for a visa to enter the Federal Republic of Germany. After entering the country and registering at the residents' registration office and the aliens office, the foreign worker must apply for a residence permit from the aliens office within three months (= length of validity of the visa). This is granted if there are no reasons for refusal such as criminal offences etc.

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immigrant can apply for American citizenship. This regulation therefore differs clearly from the German "green card", which is in the form of a temporary work permit.

Results to date

Since the introduction of the green card initiative on 1 August 2000 until the end of April 2001 almost 7000 foreign IT specialists from outside the EU had taken up work. Half of them are concentrated in three agglomerations: Munich, Frankfurt, Bonn-Cologne. Almost two thirds are employed in smaller firms with fewer than 100 employees. The majority of these foreign workers are men. Most of the IT specialists go to western Germany. One in eight received the work permit as a result of an agreement concerning an annual salary of at least DM 100 000. In this case it is not necessary to have studied at a university or equivalent establishment in order to receive the green card. About one in seven had graduated from a German university or polytechnic. What is also worth mentioning is the fact that the rejection rate is very low – well below 5%. The firms are interested in submitting the documents in full and correctly so that they can rely on receiving the work permits (green cards) for their specialists as soon as possible.

If the rhythm is maintained at which green cards have so far been granted, that is 600 to 800 per month, the first quota of 10 000 is likely to be exhausted in the autumn of 2001. Against the background of the needs announced by the IT industry, which was 75 000 IT job vacancies, this figure is on the one hand not high, but it is also not to be ignored if one considers that at present only about 6000 German IT students are graduating from the universities and polytechnics each year.

So far the wave of immigration of IT specialists, which was the picture painted by some politicians who immediately called for a law to restrict immigration, has not occurred. Also the suspected onslaught from India has stayed within limits. The USA remains the first choice of destination country for Indian IT specialists. English is spoken there and the USA already has an Indian community, the possibility of setting up one's own business is not ruled out and it is possible to remain there for good.[14]

The German firms are apparently satisfied with the procedure used so far.[15] There have been few complaints about too many rejections, bureaucracy or time delays. Visas, work permits and residence permits have generally been granted quickly. The green card regulation stands out because it is clear and permits the control of inflows. These are important pre-requisites for an immigration policy to be accepted by the population. The restriction of the stay to five years could, however, prevent many specialists from coming to Germany. Also the fact that it is difficult to become self-employed lowers the attraction.

The green card initiative has triggered off a new debate about German immigration policy. Whereas people used to be generally reserved about immigration, in the meantime the opinion gaining acceptance is that targeted immigration is becoming sensible and necessary. This could mean a certain dilemma for the green card initiative since it is an isolated partial action. Thus in the meantime there are calls for the programme to be extended to other fields. If only certain sectors receive the work permit, other industries will demand the same rights for everyone. Therefore sooner or later it will not be possible to avoid a coherent immigration law regulating who may immigrate and how many of them. [16]

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[14] Since the beginning of the 1990s there has been a special immigration programme in the USA for foreign IT specialists (H1-B visa). 40% of those involved in this programme are IT specialists from India. In the meantime the annual quota has been increased to around 200 000.

[15] See the Süddeutsche Zeitung of 21. 3. 2001 "Aus der Green Card wurde eine Goldcard" ("The green card became a gold card")

[16] Against this background an "immigration commission" has also already been called into being, which is drawing up proposals for an immigration concept to be completed by mid-2001.

Annex: Provisional appraisal on the basis of a first survey after six months of the green card
In the meantime a first study has been conducted among firms and holders of the green card.[17] It examines many aspects arising in connection with the green card. In the scope of the survey 700 employers who have taken on specialists with a green card and 500 green card employees were interviewed. More than 70 percent of the firms written to and 35 percent of the green card employees took part in the survey.

The positive effects were rapidly felt by the firms. Before the introduction of the green card, almost half of the firms interviewed had to turn down orders because of a drastic lack of personnel. The search for suitable staff lasted on average more than twenty weeks – an unacceptable length of time for this quick and innovative industry. With the aid of the new work permits for foreign IT experts it has now been possible to fill the job vacancies within six weeks. 82 percent of the firms interviewed explained that this has clearly improved their competitiveness. As a result of this one third of the firms has been able to invest here in Germany and thus also to expand. In numerous cases, plans to move business activities to another country have been withdrawn. Almost one fifth of the firms interviewed gave such details. Without the opening up of the labour market therefore, attractive jobs would have been lost or would not have been created here. It is not necessary to explain in more detail here how negative an effect this would have had on Germany as an economic location.

The employment of the foreign specialists is not at the expense of company initial and further training. This is only the case in eight percent of the firms – and here it is generally only temporary, until the order bottleneck has been reduced. Green card and further training are not opposites – quite the contrary. In many cases it is the green card that creates the conditions for money being invested in staff training once again. As far as the satisfaction of the employers and the green card employees is concerned, there is much positive feedback from both sides. 75 percent of the firms interviewed are very pleased with the foreign experts' skills. Three quarters of the firms and 82 percent of the green card employees would therefore also like to continue the employment beyond the period of five years.

The green card has already led to considerable employment effects in the run-up phase. Within only six months some 17,500 jobs have been created – 5000 for green card employees and 12,500 for other "local" workers. The demand is estimated to be considerably higher for 2001. The firms are expected to require 42,000 green card experts, who will induce the creation of a further 76,000 jobs in Germany. The study also reveals one serious weakness in this connection, however: unlike other countries, Germany is still far from having professional recruitment strategies for specialists from all over the world. According to the study this is also the decisive reason why the demand for staff can not be met anywhere near as quickly as would actually be necessary.

9 Summary and conclusions

The original idea of the guestworker concept was based on a temporary stay of foreign workers according to the needs of German industry. The temporary nature was considered to serve the interests of all the parties concerned (employers, foreign workers, sending and

[17] WIMMEX AG (2001): 6 Monate Greencard in Deutschland – Eine Zwischenbilanz, München (www.wimmex.com)

receiving countries). Thus political, economic and social reasons were available to justify the idea of the rotation principle. This reasoning is still behind the current seasonal and project worker programmes. They have to be distinguished from the "guestworker" programmes described above, for which most of the following conclusions below apply. Seasonal and project worker schemes are of a short-term nature, can be monitored and enforced. The German project worker programme also teaches the lesson that over-regulation should be avoided and that the intake should be in line with the labour market situation.

While the majority of former guestworkers more or less followed the rotation principle and left after one or several years, many of them prolonged their stay. With extended duration of stay, their return was postponed, members of the family joined and children were born: those who came were not merely workers, they were human beings.

German "foreigner policy", as it was called, reacted reluctantly, still considering foreign workers and their families as a temporary phenomenon. The policy consisted mainly in trying to control the flow of migrants through administrative procedures (work permits, residence permits), sometimes through bureaucratic harassment.

But the rotation principle had never been strictly enforced (in contrast to the project worker programmes of the 1990s). The influence of various pressure and interest groups (trade unions, employers' associations, welfare organisations, churches etc.) and international and European conventions protected the migrant worker and their families from forced rotation. Moreover, in a democratic society it is virtually impossible to deport people with no criminal record by force and under the watchful TV-cameras of the national and world media.

International conventions and national regulations gave the foreign workers equal social rights such as unemployment benefits, health insurance, pension rights, housing allowance, social welfare etc. The Constitution (basic law) of the FR Germany put the family and marriage under the protection of the law and gave foreign workers a right to have their family join them.

German immigration policy has often been incoherent. One of the reasons is the fact that immigration policy is not centralised and Germany is a federal state. Decisions at national level are often difficult to obtain. Compromises and zigzags in policy were frequent. Sometimes decisions backfired:

- The imposition of the recruitment stop entailed such a reverse effect: many foreign workers stayed on for fear that they could not come back after they returned to their home country. Moreover, with the prolongation of residence they sent for their families. Instead of a reduction of the foreign population, their numbers increased.
- Another example concerned child allowance. In the mid-1970s the Government decided that child allowance should only be paid for children living in Germany. (This decision was a reaction to newspaper reports claiming that allowances were being paid for non-existent children living in Turkey). In order to continue receiving child allowance, Turkish parents were now encouraged to bring their children to Germany.

Despite all the administrative inconvenience and the atmosphere of insecurity created by the official slogan "Germany is not a country of immigration", foreign workers preferred to stay on as long as the economic situation in their home country did not improve and did not offer any prospects upon return. The need for foreigners to fill vacant jobs persisted longer than anticipated and guestworkers found ways to settle – which led to the aphorism that "there is nothing more permanent than temporary workers."

The difficulties associated with the guestworker programmes of the sixties and seventies remain acute for Germany. They seem more acute than for some of the typical immigration countries such as the USA for example. In the USA there is a wide range of available jobs, from highly paid ones to low-paid ones.[18] Simple, low-skilled jobs in Germany are no longer available in large numbers, at least not in manufacturing, where the bulk of the guestworkers was employed. Once unemployed it becomes difficult for the foreign worker to find a new job. The manufacturing sector continues to shed labour. A move to the service sector often requires language and/or other skills. The unemployment rate for foreigners is double the rate for nationals and the gap is not narrowing (Graph 3). But there are considerable differences between nationalities (Graph 4). Another problem is upward mobility. Germany is a "certificated" society. Without appropriate educational certificates there is the risk of being stuck at the lower end of the jobs' scale. There are signs that educational participation beyond compulsory schooling and the educational attainment of young foreigners is stagnating, even for those born in Germany.[19]

European countries including Germany are still reluctant to employ new immigrant workers. But for demographic reasons and with the European economy now on the rebound, unemployment rates dropping from their extremely high levels and European Union leaders clamouring to catch up with the US in high technology, business is facing a serious skills gap. Europe is suffering from a critical shortage of highly skilled IT professionals.[20] As a result in Europe and in Germany governments are under pressure to find ways around obstacles to immigration at least for the necessary highly skilled IT workers. In Germany Chancellor Schröder set off a stormy debate with his proposal in early 2000 to lift restrictions so that software experts from India and elsewhere could work in Germany ("green card" initiative). Since August 2000 foreign IT specialists have been able to work in Germany for five years. An initial quota of 10 000 IT specialists was laid down, which can be increased by a further 10 000 if need be. So far no wave of immigration of IT workers has occurred. On the other hand the figures of 600 to 800 inflows per month can not be ignored. The green card initiative sets clear criteria for access, and the bureaucratic work has been kept to a minimum. However, it is an isolated initiative which will sooner or later have to be incorporated into a general immigration concept. The programme is restricted as regards numbers and duration. In this way it has been accepted by the population by giving the feeling that the immigration can be controlled. It is not possible to lead an immigration policy against the acceptance of the population. Although the green card initiative is still a timid step it may represent a turning point in German immigration policy as eventually it will induce a general debate on whom to let in, and away from the debates of the past on restrictions.

From the experiences of the past it has been possible to learn the following lessons for an immigration geared towards the economy:

- The immigration rules should be transparent and lay down clear criteria.
- Over-regulation (sub-quotas, detailed restrictions according to sectors/occupations etc.) can lead to evasion reactions as the German example of the contract workers has shown.
- The criteria should be laid down with the broadest possible social consensus.

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[18] Therefore, if a worker is made redundant, a new job may be found, albeit at lower wages or with less favourable working conditions.

[19] Cf. Wolfgang Jeschek (2001): Schulbesuch und Ausbildung von jungen Ausländern – kaum noch Fortschritte, in: DIW-Wochenbericht 10/2001

[20] Cf. Commission of the European Communities (2000): Strategies for jobs in the information society, COM (2000) 48 final

- The immigration principles should not be changed constantly, in order to give migrants and employers certainty in their planning. This would also reinforce the population's trust in the immigration policy being pursued.
- The immigration should be geared more strongly than previously towards labour market aspects. In this respect the experiences of key immigration countries (e.g. Canada, Australia, USA, Switzerland) can be taken into account.
- The immigration criteria should take into consideration the integration capacity that can be expected. Qualification level/education, occupational experience, language skills or age generally facilitate integration into the labour market and society.
- An increased immigration of low-skilled workers (as with the "guestworkers" of the 1960s) is likely to raise difficulties in the near future as this group of people is disproportionately affected by unemployment. This would result in integration problems. The present prognoses all assume a decrease in the demand for simple activities and an increase in the demand for skilled personnel. As far as the low-skilled are concerned there is still the danger of wage pressure and substitution with domestic workers.
- Immigration must be able to be geared towards local/regional needs.
- Short-term requirements do not have to correspond with longer-term needs. If immigration is to be of permanent nature it must therefore place more emphasis on integration capacity.
- Immigration and integration are the two sides of the same coin. Integration can ultimately only be successful if the immigration can also be controlled in accordance with the possibilities for integration. This includes for example the receptivity of the labour market and the housing market, and – in association with this – the acceptance by the local population.
- On the one hand the criteria must permit a flexible response, but on the other hand the attractiveness of the destination country must be safeguarded for the desired migrants. This includes for example the certainty of the stay.
- One possibility for example would be to think about staggering the duration of the work permits according to inflow criteria: e.g. desired occupations/qualifications would receive a longer-term work permit, whilst fixed-term work permits would be granted for more simple activities or activities that are only required temporarily (due to the season or the business cycle).
- Equal treatment concerning wages and other working conditions in comparison with domestic workers has to be assured. This includes e.g. the payment of the usual wage rate for the area. If this does not occur, wage dumping results. This can lead to a "displacement competition" between local and foreign workers, which is considered unfair and can trigger off tensions.
- What could also perhaps be considered is the introduction of a fee to encourage firms to look for workers on the domestic labour market first and not to recruit a worker from abroad straight away. Furthermore, by making foreign labour more expensive, firms would be prompted to provide their German workers with further training.

Germany or other European countries or the US may differ in their concepts of immigration and integration schemes. Nevertheless they all face similar migration issues. Although these countries already have high percentages of foreigners or foreign-born residents, an ongoing immigration can be expected in the future. Countries must answer the basic immigration questions: who, how many, from where, and with what status should foreigners arrive and be allowed to stay? When tackling these questions three principles of migration have to be kept in mind (P. Martin 1998: 43): First, there are no quick-fix answers. Second, policies must be flexible. Short-term consequences of immigration may be the opposite of the longer term effects. Third, durable solutions to migration issues are more likely to be found nearer the

middle than at the extremes of the spectrum of options. Therefore, it is advisable to seek middle-of-the-road solutions and thus avoid zigzags in policy. It would also assure the broadest possible acceptance by the national population.

Migration experiences show incidentally that nothing is more permanent than a temporary migrant worker. If an employer is satisfied with his foreign workers, he will find ways and means of extending their stays. With regard to the emerging dramatic population decrease and the consequent expected needs for or even shortages of skilled labour in Germany (and Western Europe) this would not be the worst thing for example for skilled workers.

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Table 1: Non-nationals in Germany since 1960

Year	Foreign population [1] in 1000	Non-national population as percentage of total population	Foreign employees liable to social security contributions [2] in 1000
1960	686,2	1,2	279,4
1968	1.924,2	3,2	1.014,8
1969	2.381,1	3,9	1.372,1
1970	2.976,5	4,9	1.838,9
1971	3.438,7	5,6	2.168,8
1972	3.526,6	5,7	2.317,0
1973	3.966,2	6,4	- 3)
1974	4.127,4	6,7	2.150,6
1975	4.089,6	6,6	1.933,6
1976	3.948,3	6,4	1.873,8
1977	3.948,3	6,4	1.833,5
1978	3.981,1	6,5	1.862,3
1979	4.143,8	6,7	1.965,8
1980	4.453,3	7,2	1.925,6
1981	4.629,7	7,5	1.832,3
1982	4.666,9	7,6	1.709,5
1983	4.534,9	7,4	1.640,6
1984	4.363,6	7,1	1.552,6
1985	4.378,9	7,2	1.536,0
1986	4.512,7	7,4	1.544,7
1987	4.240,5	6,9	1.557,0
1988	4.489,1	7,3	1.607,1
1989	4.845,9	7,7	1.683,8
1990	5.342,5 4)	8,4	1.793,4
1991	5.882,3	7,3	1.908,7
1992	6.495,8	8,0	2.119,6
1993	6.878,1	8,5	2.150,1
1994	6.990,5	8,6	2.109,7
1995	7.173,9	8,8	2.094,0
1996	7.314,0	8,9	2.030,3 5)
1997	7.365,8	9,0	1.997,8
1998	7.319,6	8,9	2.023,8
1999	7.343,6	9,0 6)	2.013,1

1) up to 1984 30.09.; from 1985 31.12. each year.

2) since 1960 July; 1968 - 1973 June; from 1974 onwards December.

3) no count.

4) since 1990 West + East Germany.

5) since 1996 West + East Germany.

6) 30.09.1999.

Source: Beauftragte der Bundesregierung für Ausländerfragen: Daten und Fakten zur Ausländersituation, Oktober 2000; Federal Statistical Office/Federal Employment Service

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Table 2: Foreign population in Germany by citizenship 1970 – 1980 – 1990 - 1999

	1970	1980	1990 [1)]	1999
Greece	342.891	297.518	320.181	364.354
Italy	573.648	617.895	552.440	615.900
Portugal	54.386	112.270	85.511	132.623
Spain	245.530	179.952	135.498	129.893
other EU-countries	368.047	487.961	551.105	615.902
former Yugoslavia	514.476	631.842	662.691	1.186.916
Turkey	469.160	1.462.442	1.694.649	2.053.564
Eastern Europe	113.143	124.753	406.320	847.265
other European countries	42.521	41.269	46.687	60.422
non-European countries	196.314	442.557	821.949	1.262.581
Total [2)]	**2.976.497**	**4.453.308**	**5.342.532**	**7.343.591**

[1)] since 1990 West + East Germany
[2)] including stateless persons

Source: Statistisches Bundesamt; own calculations

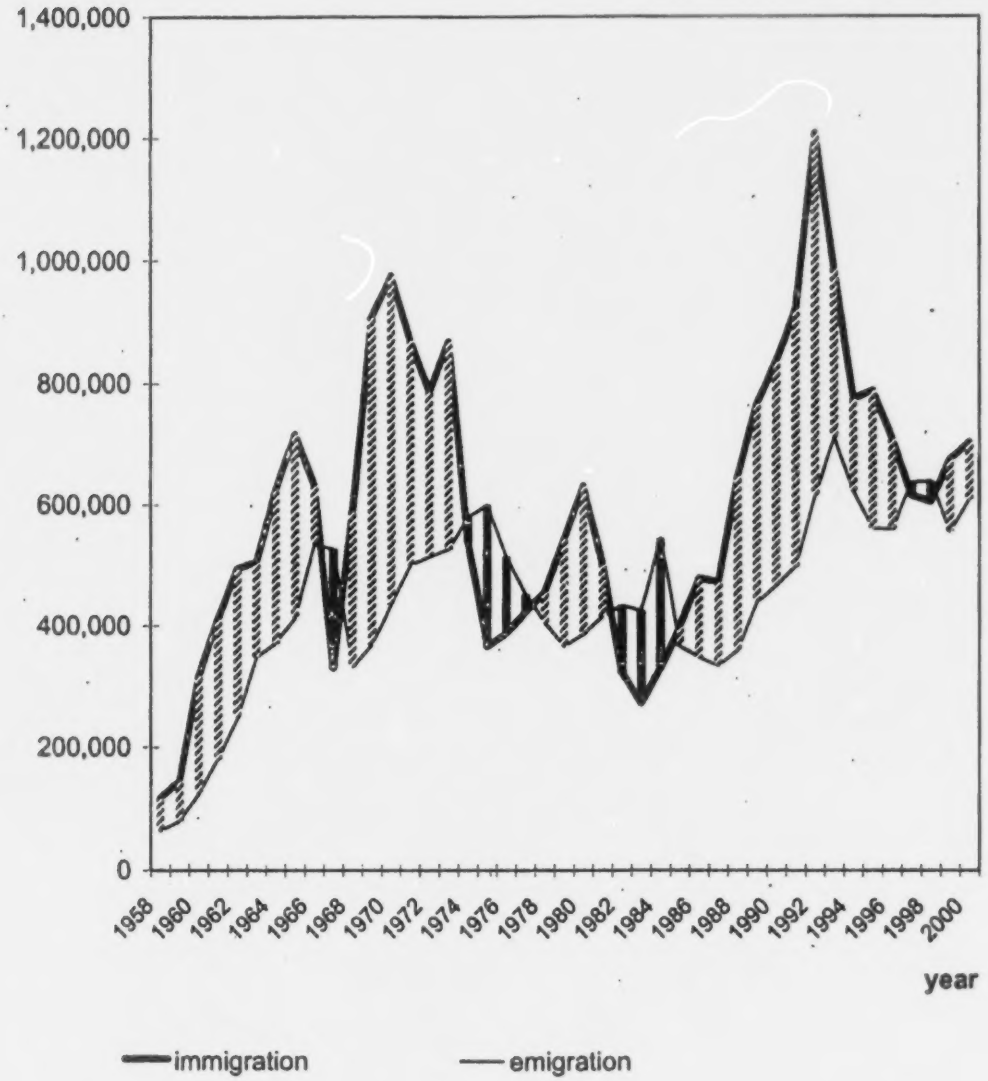
Table 3: Immigration to Germany by type of migrant

	Foreign immigrants - inflows			Immigrants special categories			
		of which:					
	total	European Union	asylum seekers	immigrants of German origin [1]	contract workers [2]	seasonal workers [3]	refugees [4]
1980	631,000	140,000	108,000	52,000			
1981	501,000	133,000	49,000	69,000			
1982	322,000	92,000	37,000	48,000			
1983	273,000	76,000	20,000	38,000	11,000		
1984	331,000	78,000	35,000	37,000	9,000		
1985	398,000	82,000	74,000	39,000	9,000		
1986	478,000	101,000	100,000	43,000	9,000		
1987	472,000	106,000	57,000	79,000	12,000		
1988	648,000	122,000	103,000	203,000	15,000		
1989	767,000	122,000	121,000	377,000	17,000		
1990	836,000	119,000	193,000	397,000	27,000		
1991	920,000	128,000	256,000	222,000	53,000		
1992	1,208,000	121,000	438,000	231,000	95,000		1,800,000
1993	987,000	118,000	323,000	219,000	70,000	163,000	1,900,000
1994	774,000	140,000	127,000	223,000	41,000	141,000	1,700,000
1995	788,000	177,000	128,000	218,000	49,000	175,000	1,600,000
1996	708,000	172,000	116,000	178,000	46,000	204,000	1,600,000
1997	615,000	152,000	104,000	134,000	39,000	210,000	1,400,000
1998	606,000	137,000	99,000	103,000	33,000	208,000	1,100,000
1999	674,000	137,000	95,000	105,000	40,000	230,000	1,200,000
2000	702,000 5)		79,000	96,000	44,000	264,000	1,100,000

1) Mostly from territories of the former Soviet Union and from Romania
2) Stock figures
3) Number of seasonal work permits per year
4) Stock figures, including asylum seekers and refugees from former Yugoslavia
5) estimation

Source:
Beauftragte der Bundesregierung für Ausländerfragen:
Migration und Integration in Zahlen, Nov. 1997
Migrationsbericht 1999, Dez. 1999
Bericht über die Lage der Ausländer in der Bundesrepublik Deutschland, Febr. 2000
Daten und Fakten zur Ausländersituation, Okt. 2000
Statistisches Bundesamt (Zuzüge ab 1992 Gebietsstand nach dem 3.10.1990)
BAFL, Bundesverwaltungsamt, ZAV

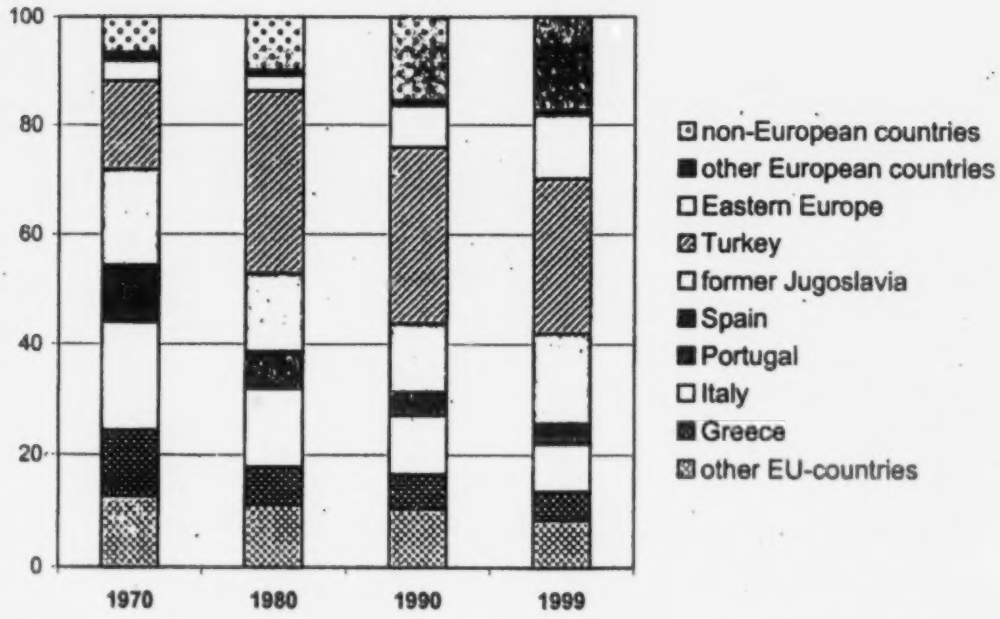
Graph 1: Immigration and Emigration of Foreigners to and from the Federal Republic of Germany * 1958-2000



* since 1991 Germany West + East

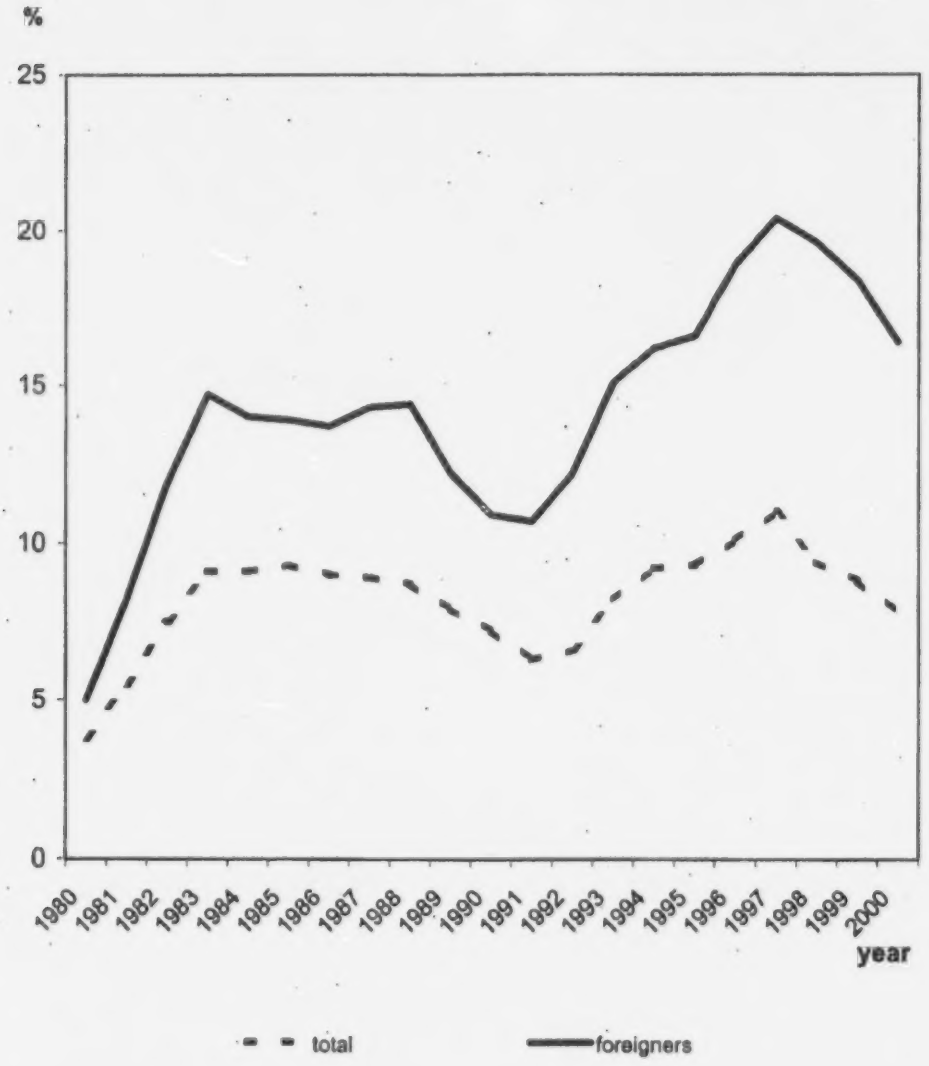
Source: Statistisches Bundesamt

Graph 2: Foreign population in Germany by citizenship
1970 - 1980 - 1990 - 1999
structure (in %)



Source: Statistisches Bundesamt; own calculations
Note: 1970, 1980: Germany-West; 1990, 1999: Germany West + East

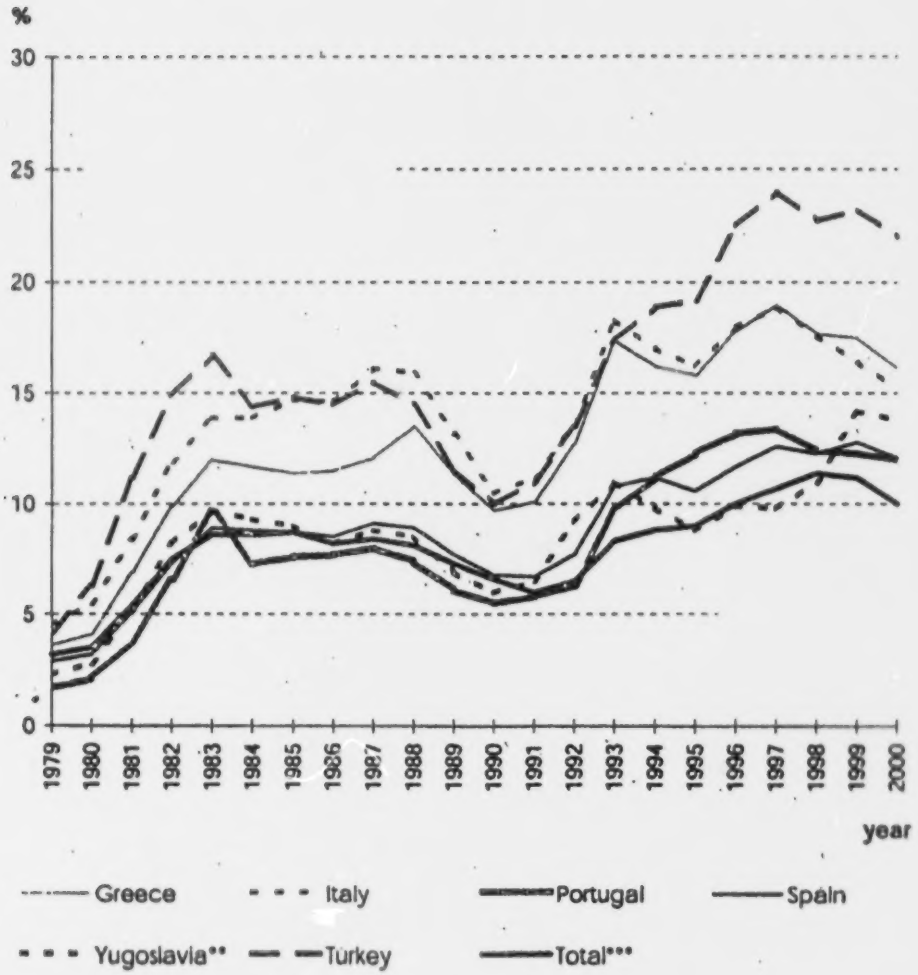
Graph 3: Unemployment rate in the Federal Republic of Germany (old Länder), total and foreign workers 1980-2000



Figures according to Bundesanstalt für Arbeit

Source: Beauftragte der Bundesregierung für Ausländerfragen: Daten und Fakten zur Ausländersituation, October 2000

Graph 4: Unemployment rate by nationality in the Federal Republic of Germany (old Länder*) - 1979-2000



* since 1999 West and East Germany
** since 1992 without Bosnia-Herzegovina, Kroatia and Slovenia, since 1993 without Bosnia-Herzegovina, Kroatia, Slovenia and Macedonia
*** nationals and non-nationals

Source: Beauftragte der Bundesregierung für Ausländerfragen: Daten und Fakten zur Ausländersituation, October 2000. Figures according to Bundesanstalt für Arbeit. For 1999 and 2000 own calculations

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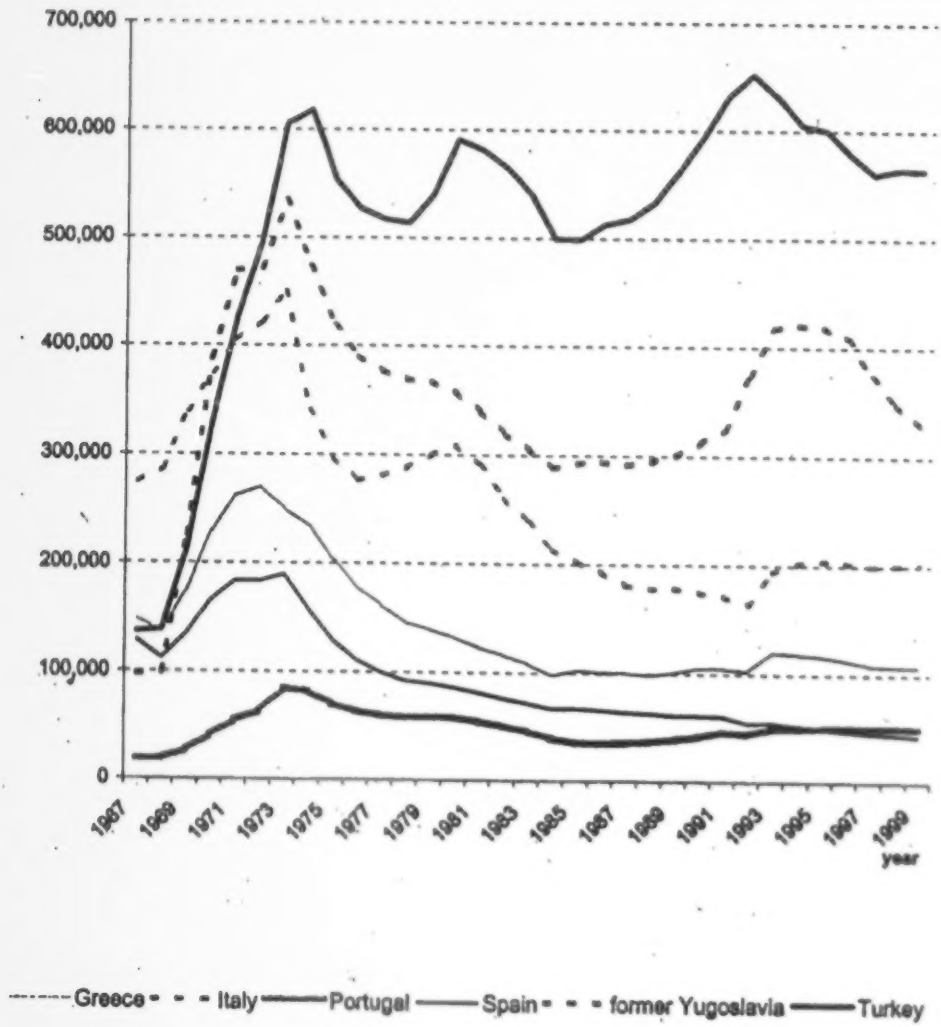
Graph 5: Foreign employees liable to social security contributions by nationality in the Federal Republic of Germany (old Länder) - 1967-1999



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